



**Angelo State University**  
**Operating Policy and Procedure**

**OP 14.06: Extension of State Credit**

**DATE:** September 1, 2007

**PURPOSE:** The purpose of this Operating Policy/Procedure (OP) is to establish policy in compliance with state law for the extension of credit to individuals, business entities, or other governmental agencies.

**REVIEW:** This Operating Policy (OP) will be reviewed in July of even numbered years by the manager of student accounts/bursar in conjunction with the executive director and controller with recommended revisions forwarded through the vice presidents to the president by August 15 of the same year.

**POLICY/PROCEDURE**

**1. Legal Authorities**

- a. Article 3, Section 50 of the Texas Constitution states: "The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State in aid of, or to any person, association or corporation, whether municipal or other, or to pledge the credit of the State in any manner whatsoever, for the payment of the liabilities, present or prospective, of any individual, association of individuals, municipal or other corporation whatsoever."
- b. Attorney General Opinion JM-1229 states: "A lending of credit that accomplishes a public purpose and is accompanied by controls that ensure the use of public credit for a public purpose does not violate Article 3, Sections 50 and 52, or Article 11, Section 3, of the Texas Constitution. The determination that a particular extension of credit meets the constitutional requirements is in the first instance within the sound discretion of the governing body, subject to judicial review. Attorney General Opinions MW-461 (1982) and JM-533 (1986) are overruled to the extent they hold the contrary."

**2. TTUS Policy Regarding Extension of Credit**

Section 07.06, *Regents' Rules*, Credit Extension, states: "The Chancellor or designee is authorized to approve the sale of goods and services on credit provided that there is documentable public purpose for the sale and that controls limiting risk of loss have been established and reviewed by the OAS" (Office of Audit Services).

**3. Charge Accounts**

ASU does not extend credit to or the establishment of charge accounts for faculty, students, employees, or others. Charge sales shall be limited to charges against students of the University for fines, breakage, damages, and installments on tuition, fees, room, and board.